



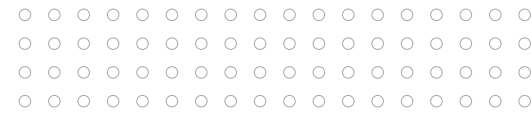
Due Diligence Checklist

This checklist is intended to provide general guidance regarding certain action items that an investment committee may wish to consider in connection with their fiduciary duties. The checklist also suggests a frequency for the action items. The list of action items is in no way intended to be a complete or comprehensive list.

Plan Fiduciaries

- Meet annually—at a minimum
- Maintain a due diligence file with notes, minutes, agenda and documentation of decisions
- Ensure that all fiduciaries are aware of their responsibilities under ERISA and that the investment fiduciaries are appointed in accordance with plan and trust documents
- Ensure that all eligible employees are included and that the plan collects and invests employee deferrals in a timely manner
- Ensure that the fidelity bond covers at least 10% of plan assets and that fiduciaries are carrying liability insurance to protect business and personal assets
- Review costs and understand all services provided—e.g., investment manager, fund companies and fees, plan administrator, advisors, consultants, etc.

Continued



Plan Investments

- Put the investment policy in writing
- Ensure the plan is adhering to the broad range requirement—e.g., stable value, bonds, mid/small/large cap equities and international... at a minimum
- Review the investments annually—at a minimum compared to peer groups and appropriate indexes over 1-, 3-, 5- and 10-year periods—per the Investment Policy Statement (IPS)
- Document the review and discussion about placing funds on a watch list, or removal—per the procedures in the IPS
- Ensure that the menu minimizes stock overlap

Communication

- Review employee enrollment programs and participation rates
- Measure participant understanding and address their needs accordingly
- Provide easy-to-use tools and asset allocation models to enhance their knowledge

Compliance with ERISA 404(c)

Provide participants with...

- Summary Plan Description notifying them of...
 - Their ability to direct their own investments
 - Your intention to comply with ERISA 404(c)
 - Name, address and phone number of fiduciary responsible for providing information upon request
- Information about each investment option in the plan
- Access to information regarding investment concepts—e.g., types of investments, risk/return, impact of time horizon, etc.—at least annually

Provide the IRS and DOL with...

- Annual Form 5500 indicating the plan's intention to comply with 404(c)

Sources: U.S. Department of Labor; Internal Revenue Service; Plansponsor.com; Kmotion Research.

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